

National Senior Citizens Law Center

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MEDICARE PART D: 2009 DOLLAR AMOUNTS

Many of the costs associated with the Medicare Part D prescription drug benefit and the Low Income Subsidy (LIS) change every year. This chart shows all of the different changing dollar amounts, the amounts for 2009 (where available), and the basis for the annual increase and the statutory or regulatory authority for that increase. For general background on these terms and concepts, see NSCLC's tool, "Medicare Part D for Low-Income Advocates: The Basics."

Deductible	2009 Amount	Basis for Annual Increases	Source
Standard Part D deductible if no LIS	\$295 ^{1 2}	Part D drug price increase ³ rounded to nearest \$5	42 CFR §423.104(d)(1)
Deductible for LIS partial subsidy recipients ⁴	\$60 ⁵	Part D drug price increase rounded to nearest \$1	42 CFR §423.782(b)(1)
Coverage Gap ("Donut Hole") and Catastrophic Limits	2009 Amount	Basis for Annual Increases	Source
Initial Coverage Limit ⁶	\$2,700 ⁷	Part D drug price increase rounded to nearest \$10	42 CFR §423.104(d)(3)
TrOOP Threshold ⁸	\$4,350 ⁹	Part D drug price increase rounded to nearest \$50	42 CFR §423.104(d)(5)(iii)
Co-Pays	2009 Amount	Basis for Annual Increases	Source
Co-pay for full benefit duals w/ income below 100% FPL ¹⁰	\$1.10/\$3.20 ^{11 12}	CPI increase ¹³ rounded to nearest 5 cents for the \$1 co-pay and to nearest 10 cents for the \$3 co-pay.	42 CFR §423.782(a)(2)(iii)(A)

Co-pay for full benefit duals w/ income above 100% FPL and for other full subsidy LIS ¹⁴	\$2.40/\$6.00 ^{15 16}	Part D drug price increase, rounded to nearest 5 cents.	42 CFR §423.782(a)(2)(i)
Co-pay after TrOOP under standard plans (“catastrophic coverage”)	The greater of \$2.40/\$6.00 or 5% of actual costs. ^{17 18}	For the \$2.40/\$6.00 option, Part D drug price increase, rounded to nearest 5 cents.	42 CFR §423.104(d)(5)(i);
Co-pay after TrOOP for partial subsidy LIS ¹⁹	\$2.40/\$6.00 ^{20 21}	Part D drug price increase, rounded to the nearest 5 cents.	42 CFR §423.782(b)(3)

LIS Eligibility	2009 Amount	Basis for Annual Increases	Source
LIS countable income limits ²²	135% FPL: ²³ \$14,620.50/\$19,669.50 150% FPL: \$16,245/\$21,855	Full subsidy if equal to or below 135% of FPL. Partial subsidy if equal to or lower than 150% FPL. ²⁴	42 CFR §423.773
LIS full subsidy countable resource limit ²⁵	\$8,100/\$12,910 ²⁶	CPI increase rounded to nearest \$10	42 CFR §423.773(b)(2)
LIS partial subsidy countable resource limit ²⁷	\$12,510/\$25,010 ²⁸	CPI increase rounded to nearest \$10	42 CFR §423.773(d)(2)

Late Enrollment Penalty	2009 Amount	Basis for Annual Increases	Source
Standard penalty	\$0.3036 (1% of \$30.36) for each uncovered month ²⁹	1% of Base Beneficiary Premium or amount CMS determines to be actuarially sound	42 CFR §423.286(d)(3)—includes method for calculating Base Beneficiary Premium
LIS full or partial subsidy penalty	There is no late enrollment penalty for LIS recipients. ³⁰		42 CFR §423.780(e)

Amount in Controversy (AIC) ³¹	2009 Amount	Basis for Annual Increases	Source
AIC Threshold for ALJ hearing on appeal	\$120. ³²	Percentage increase in the medical care component of CPI for all urban consumers (U.S. city average) from July 2003 to July preceding the year involved, rounded to the nearest \$10.	PDP Manual, Ch.18 at 90.2; Managed Care Manual, Ch. 13 at 100.2

AIC Threshold for judicial review of ALJ decision	\$1,220 ³³	Set by the Secretary of HHS.	PDP Manual, Ch. 18 at 110; Managed Care Manual, Ch. 13 at 120
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¹ Part D Payment Notification,

<http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/Downloads/Announcement2009.pdf> at Table IV-7.

² Plans are not required to impose this deductible. Many “basic” plans are structured to have different deductibles.

³ Part D drug price increase: The annual percentage increase for each year is equal to the annual percentage increase in average per capita aggregate expenditures for Part D drugs in the United States for Part D eligible individuals and is based on data for the 12-month period ending in July of the previous year. 42 CFR §104(d)(5)(iv).

⁴ Full-subsidy LIS eligibles have no deductible.

⁵ Part D Payment Notification, see note 1.

⁶ Amounts counting toward the initial coverage limit include all payments by the Part D beneficiary (including payments by her family or designee, a charity, or a state pharmacy assistance program) and by the plan for covered Part D drugs. Once the initial coverage limit is reached, the beneficiary in a standard plan enters the “doughnut hole” and pays 100% of the cost of covered drugs until reaching catastrophic coverage.

⁷ Part D Payment Notification, see note 1.

⁸ True Out-of-Pocket Expenses: payments by a Part D beneficiary for covered Part D drugs (includes deductible, co-pays and full payments). Once the beneficiary reaches the annual TrOOP threshold, the beneficiary leaves the doughnut hole and qualifies for catastrophic coverage. See co-pays, below. Note: Drugs not covered by an individual’s Part D plan are NOT counted toward TrOOP. Also, payments by an individual, her family or designee, a charity, or a state pharmacy assistance program count for TrOOP; payments by other insurance, including employer insurance, do not count.

⁹ Part D Payment Notification, see note 1.

¹⁰ This co-pay continues through the doughnut hole, i.e., there is no coverage gap.

¹¹ The first amount is the co-pay for generic drugs and preferred drugs that are multiple source drugs. The second amount is the co-pay for all other covered Part D drugs.

¹² Part D Payment Notification, see note 1.

¹³ CPI increase: The dollar amounts for the previous year increased by the annual percentage increase in the consumer price index (all items; U.S. city average) as of September of such previous year.

¹⁴ This co-pay continues through the doughnut hole, i.e., there is no coverage gap.

¹⁵ See note 11.

¹⁶ Part D Payment Notification, see note 1.

¹⁷ See note 11.

¹⁸ Part D Payment Notification, see note 1.

¹⁹ Full-subsidy LIS eligibles have no co-pay after TrOOP.

²⁰ See note 11.

²¹ Part D Payment Notification, see note 1.

²² Specialized rules apply to determine which income is counted. See the NSCLC memo, “The Low Income Subsidy (LIS) for Medicare Part D Enrollees,” available at http://www.nsclc.org/areas/medicare-part-d/part-d-library/Tools-for-Advocates/Guides/copy_of_article.2007-04-09.9089798338/at_download/attachment.

²³ The first amount is the limit for an individual; the second amount is the limit for a married couple living together. Different limits apply for persons living in Alaska and Hawaii and for those with larger households. The LIS income figures are announced in the spring of each year.

²⁴ In late 2006 and early 2007, SSA held the applications of applicants with income just above 2006 limits until the new numbers come out. We expect that SSA followed the same procedures this year.

²⁵ Specialized rules apply to determine whether particular resources are counted within these limits. For example, a person’s principal residence does not count toward the resource limit. In addition, \$1500 may be excluded for burial and funeral expenses. See the NSCLC memo, “The Low Income Subsidy (LIS) for Medicare Part D Enrollees,” available at http://www.nsclc.org/areas/medicare-part-d/part-d-library/Tools-for-Advocates/Guides/copy_of_article.2007-04-09.9089798338/at_download/attachment.

²⁶ SSA POMS HI 03030.025. These limits assume that the applicant and spouse, if living with the applicant, intend to use at least \$1500 for burial and funeral expenses. If the applicant indicates on the application that they do not intend to spend any of their resources on funeral or burial expenses, the limits drop to \$6,600 and \$9,910.

²⁷ See note 25.

²⁸ SSA POMS HI 03030.025. These limits assume that the applicant and spouse, if living with the applicant, intend to use at least \$1500 per person for burial and funeral expenses. If the applicant does not respond affirmatively to the question on the application asking whether listed resources will be used for funeral expenses, the limits drop to \$11,010 and \$22,010.

²⁹ An individual without creditable coverage who missed the May 15th enrollment deadline for 2006, but enrolled in a plan effective January 1, 2009, and is subject to the late penalty will incur a 1% penalty for each full uncovered month (e.g., 31 months). At the 2009 Base Beneficiary Premium rate of \$30.36, the individual faces a monthly penalty of \$9.40 ($\0.3036×31; rounded to the nearest \$0.10) through 2009. See http://www.cms.hhs.gov/partnerships/downloads/11222_P.pdf (link does not include 2009 numbers, refer to numbers in this footnote for 2009 info).

³⁰ With the passage of the MIPPA of 2008, the “Elimination of the 2006 Late Enrollment Penalty” demonstration has been made permanent. Low-income subsidy eligible individuals are not subject to a late enrollment penalty. See, <http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/R7PDB.pdf>

³¹ The ALJ determines whether the AICs are met both for the ALJ hearing and for judicial review. The AIC is calculated by subtracting any allowed amount under Part D, payments made by third parties, and deductible and coinsurance applicable to the drug at issue from either the projected value of the drug or, in reimbursement cases, the actual amount paid by the enrollee. Projected value includes all costs the enrollee could incur from refills during the plan year. PDP Manual, Ch. 18 at 90.2 found at <http://www.cms.hhs.gov/MedPrescriptDrugApplGriev/Downloads/PartDManualChapter18.pdf>.

³² 72 Fed. Reg. 73348 (Dec. 27, 2007); see also PDP Manual, Ch. 18 at 90.2.

³³ Id.; see also PDP Manual, Ch. 18 at 110.

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